

## Message Text

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INFO OCT-01 EUR-12 ISO-00 IOE-00 SSO-00 NSCE-00 USIE-00

INRE-00 DEAE-00 CIAE-00 INR-07 JUSE-00 NSAE-00 RSC-01

SNM-02 SY-04 TRSE-00 NSC-05 OES-03 OMB-01 SS-15 HEW-02

DODE-00 AGR-05 L-02 COME-00 EB-07 /077 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 415

INFO AMEMBASSY ANKARA IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 0668

E.O. 11652: GDS

TAGS: SNAR TU UN

SUBJ: NARCOTICS-REPORT OF GREENFIELD TEAM

FOLLOWING IS SECTION OF GREENFIELD TEAMS REPORT CONCERNING  
ALKALOIDS FACTORY.

17. CENTRAL ELEMENT IN NEW DISPENSATION IS CREATION OF  
FACILITIES FOR MANUFACTURE OF MORPHINE AND MORPHINE PRODUCTS,  
PARTICULARLY CODEINE, WITHIN COUNTRY. GOVT IS FIRMLY  
RESOLVED TO BRING THIS ABOUT AND HOPE IS THAT NECESSARY PLANT  
AND MACHINERY MAY BE INSTALLED AND IN OPERATION IN TIME TO  
DEAL WITH 1976 CROP OF POPPY STRAW.

"18. EVIDENTLY MUCH, IF NOT MOST, OF REQUISITE EQUIPMENT  
AND EXPERTISE WILL HAVE TO BE IMPORTED FROM ABROAD.  
ACCORDINGLY IN EARLY DECEMBER THE TMO ISSUED A FORMAL CALL  
FOR TENDERS, OFFERS TO BE SUBMITTED BY 15 FEB 1975  
AND TO RECEIVE OFFICIAL SCRUTINY ON 20 FEB 1975, EVER  
SINCE FIRST MISSION OF AUGUST-SEPT 1974 IT HAS  
BEEN WISH OF THE UN ORGANIZATION THAT TURKEY SHOULD  
BE AFFORDED WIDEST POSSIBLE RANGE OF CHOICE IN THIS  
TECHNICAL FIELD, IN ORDER GUARD AGAINST POSSIBLE  
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FINANCIAL LOSS AND ENSURE ACHIEVEMENT OF OPTIUM

MANUFACTURING POTENTIAL IN SHORTEST POSSIBLE TIME.  
SINCE IT SEEMED TO PRESENT MISSION THAT TERMS OF THE TMO'S  
CALL FOR TENDERS WERE NOT SUCH AS TO ATTRACT A  
SUFFICIENTLY AMPLE RANGE OF CHOICE MISSION STRONGLY URGED,  
BOTH ORALLY AND IN ITS INTERIM NOTE, THAT TERMS MIGHT  
BE ENLARGED AND PERIOD OF OFFER SLIGHTLY EXTENDED IN A  
SUPPLEMENTARY CALL FOR TENDERS. IN PROFFERING THIS  
SUGGESTION MISSION WAS MOVED BY HOPE THAT A BRIEF PRESENT  
POSTPONEMENT OF, SAY, TWO WEEKS MIGHT OBTAIN A SUBSEQUENT  
DELAY OF PERHAPS TWO MONTHS IF A SUFFICIENT RANGE OF  
CHOICE SHOULD NOT IN FACT MATERIALIZE IN FEB IN  
RESPONSE TO CURRENT INVITATION.

19. A VITAL FACTOR IN FINANCIAL VIABILITY OF MANUFACTURING  
ELEMENT IS TIME. IF THIS PROJECT CAN BE COMPLETED IN  
TIME TO CATCH PRESENT RISING TIDE OF PRICES OF MORPHINE  
DERIVATES IT HAS A GOOD PROSPECT OF BECOMING A  
CONTINUINGLY PROFITABLE UNIT IN TURKEY'S INDUSTRIAL DEVELOP-  
MENT. ANY DELAY IS FRAUGHT WITH DANGER: EVERY MONTH'S DELAY  
DIMINISHES PROSPECT OF ULTIMATE FINANCIAL VIABILITY; IF  
PROLONGED BEYOND A CERTAIN POINT IT COULD EVEN RESULT  
IN FACTORY BECOMING A LIABILITY.

"20. MISSION IS UNANIMOUSLY OF VIEW THAT GOVT'S HOPES  
FOR THIS PROJECT CAN BEST, INDEED CAN ONLY, BE REALIZED  
IF FROM OUTSET DEVELOPMENT IS FORTIFIED BY HIGH DEGREE  
OF TECHNICAL COMPETENCE AND EXPERIENCE. SINCE IN  
NATURE OF THINGS THESE QUALITIES CANNOT YET BE FOUND  
WITHIN THE COUNTRY THEY MUST BE SOUGHT ELSEWHERE;  
AND THEY SHOULD BE PUT AT THE DISPOSAL OF GOVT,  
LOYALLY AND UNRESERVEDLY, IN SPIRIT OF CLOSE PARTNERSHIP, FOR  
A PERIOD OF YEARS UNTIL SUFFICIENT NUMBER OF TURKISH NATIONALS  
CAN BE ENABLED TO ACQUIRE NECESSARY TRAINING AND EXPERIENCE.

"21. IN CIRCUMSTANCES AS THEY NOW STAND HOPE MUST BE THAT  
SOME POSSIBILITY OF PURSUING THIS KIND AND DEGREE OF  
TECHNICAL COLLABORATION MAY EMERGE FROM RESPONSES TO THE  
TMO'S CALL FOR TENDERS; IF THIS HOPE SHOULD BE DISAPPOINTED  
MISSION TRUSTS THAT QUEST WILL BE RENEWED UNTIL A SATISFACTORY  
RESPONSE CAN BE ELICITED.

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"22. TERMS ON WHICH SUCH COLLABORATION CAN BE SECURED BY  
GOVT WILL BE MATTER FOR NEGOTIATION. CLEARLY THEY MUST  
FALL WITHIN BOUNDARIES ASSIGNED BY NATIONAL LAWS AND BY  
NATIONAL SENTIMENT. EQUALLY CLEARLY THEY MUST BE SUCH AS  
TO INDUCE POTENTIAL ASSOCIATE TO SHARE ITS TECHNIQUES--  
WHICH ARE AT ONCE ITS TRADE SECRETS AND ITS MEANS OF LIVELIHOOD--  
AND ITS MOST ACCOMPLISHED OFFICERS WITH AN

ENTERPRISE WHICH AIMS TO BECOME A COMPETITOR TO ITSELF ON INTERNATIONAL SCENE. NEGOTIATIONS WILL BE DELICATE AND MAY BE DIFFICULT: MISSION HOPES THEY WILL NOT BE UNDUL PROLONGED.

"23. IT IS TO BE HOPED TOO THAT THEY WILL GIVE RISE TO A FIRM RELATIONSHIP WHICH COULD PARTAKE OF NATURE OF A MANAGEMENT CONTRACT. IN SUCH A RELATIONSHIP FUNCTIONS TO BE ASSIGNED TO ASSOCIATE MIGHT BE ON THE FOLLOWING PATTERN:

IN GENERAL:-TO SERVE THE MINISTRY OF COMMERCE AS MANAGING AGENTS AND MANAGERIAL AND TECHNICAL CONSULTANTS IN THE OPERATION OF FACTORY;

IN PARTICULAR:

- (I) TO ADVISE ON ANY STEPS TO BE TAKEN FOR PURPOSE OF CARRYING ON, IMPROVING OR EXPANDING PRODUCTION;
  - (II) TO ACT AS TECHNICAL ADVISERS TO MINISTER;
  - (III) TO ADVISE ON TRAINING OF TECHNICIANS AND OPERATING AND MANAGING PERSONNEL, EITHER IN TURKEY OR ABROAD, AND TO PREPARE TRAINING PROGRAMMES;
  - (IV) TO MAINTAIN A PRODUCTION CONTROL SCHEME TO COVER QUANTITIES (YIELDS, EFFICIENCY, WASTE) AND QUALITIES PRODUCED AND ESTABLISHMENT OF STANDARDS AND CONTROL CHARTS, AND GENERALLY TO TAKE SUCH ACTION AS MAY BE NEEDED TO ACHIEVE CONTINUOUS IMPROVEMENT IN PRODUCTION TO MEET MARKET REQUIREMENTS;
  - (V) TO ADVISE ON AND ESTABLISH COORDINATION OF SALES AND PRODUCTION PROGRAMMES AND, WHENEVER NECESSARY, TO SUGGEST CHANGES IN PRODUCTION TO KEEP ABREAST OF WORLD TRENDS;
  - (VI) TO PREPARE PERIODICAL TECHNICAL, FINANCIAL AND COMMERCIAL STATEMENTS FOR SUBMISSION TO MINISTER;
  - (VII) TO ADVISE AND ACT AS MINISTER'S AGENTS IN PURCHASE
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OF PLANT, EQUIPMENT AND OTHER MATERIALS, INCLUDING RAW MATERIAL;

- (VIII) TO PREPARE AN ANNUAL REVIEW OF OPERATIONS OF FACTORY DURING PRECEDING YEAR AND A STATEMENT OF RECOMMENDATIONS FOR FURTHER IMPROVEMENTS IN OPERATIONS;
- (IX) TO PROVIDE ALL MANUFACTURING OR PROCESSING FORMULAE RELEVANT TO CURRENT OR PROJECTED OPERATIONS OF FACTORY;
- (X) TO MAINTAIN A COSTING CONTROL SYSTEM TO ENSURE PRODUCTION AT LOWEST POSSIBLE COST;
- (XI) TO ADVISE ON AND MAINTAIN A GENERAL MAINTENANCE, LUBRICATING AND OVERHAULING PROGRAMME FOR MACHINERY EMPLOYED IN FACTORY;
- (XII) TO PROVIDE STATUTORY AND NECESSARY SECRETARIAL SERVICES REQUIRED TO OPERATE BUSINESS OF FACTORY;
- (XIII) TO APPOINT FROM AMONG STAFF OF ITS ORGANIZATION

A GENERAL MANAGER AND SUCH PERSONS AS ARE IN ITS OPINION  
REQUIRED TO MANAGE BUSINESS OF FACTORY, SUCH PERSONS BEING  
DEEMED TO BE EMPLOYEES OF THE ASSOCIATE AT ALL TIMES;

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C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 0668

(XIV) TO CAUSE FACTORY AND RELATED BUILDINGS AND ALL  
PLANT, MACHINERY, FIXTURES, FITTINGS, OFFICE FURNITURE  
AND OTHER PROPERTY OF BUSINESS TO BE MAINTAINED IN  
REPAIR AND RUNNING ORDER;

(XV) TO MAINTAIN SUCH BOOKS OF ACCOUNT AS ARE REQUIRED  
BY LAWS OF TURKEY.

"24. INCLUDED IN PROVISIONS OF AGREEMENT TO BE ENTERED  
INTO BY ASSOCIATE SHOULD BE AN EXPRESS UNDERTAKING TO  
REFRAIN FROM DISCLOSING TO ANY PERSON OR PERSONS WHATSOEVER  
(EXCEPTING THE PROPER OFFICER OF THE ASSOCIATE OR UNDER  
AUTHORITY OF MINISTER OF COMMERCE) ANY INFORMATION  
RELATING TO BUSINESS, TECHNICAL PROCESSES OR FINANCES OF  
FACTORY OR ITS CUSTOMERS OR ANY INFORMATION RELATING TO  
INVENTIONS OR IMPROVEMENTS CONNECTED WITH PRODUCTS  
MANUFACTURED, MARKETING OR UNDER DEVELOPMENT BY FACOTYR.

"25. AGREEMENT WOULD BE CONSTRUED AND WOULD TAKE EFFECT IN  
ACCORDANCE WITH LAW OF TURKEY: AND ANY DISPUTE OR  
DIFFERENCE ARISING AT ANY TIME IN RESPECT OF ANY PROVISION

OF AGREEMENT WOULD BE SETTLED BY ARBITRATION.

"26. THIS LIST OF POSSIBLE PROVISIONS DOES NOT PRETEND  
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TO BE EXHAUSTIVE: IT IS OFFERED IN HOPE THAT IT MAY BE  
OF SERVICE TO LEGAL DRAFTSMEN WHO WILL BE CHARTED WITH  
PREPARING THE AGREEMENT AND WHO WILL NATURALLY ADAPT OR  
EXPAND SCHEDULE AS THEY MAY DEEM NECESSARY.

27. AS TO FINANCIAL TERMS OF AGREEMENT MISSION  
WOULD ONLY VENTURE TO SUGGEST THAT IN ORDER TO  
STIMULATE ASSOCIATE'S CONCERN FOR FUTURE PROSPERITY  
OF FACTORY ITS REMUNERATION MIGHT TAKE FORM OF A  
PERCENTAGE SHARE OF NET PROFITS AFTER DEPRECIATION AND  
TAXATION.

"28. BASIC TO WHOLE VENTURE IS PROVISION OF ADEQUATE  
FACTORY PREMISES SUITABLY SITED AND SPECIALLY DESIGNED,  
AND FULLY ASSURED OF ALL NECESSARY FACILITIES SUCH AS  
POSSIBLE COMPETITION FOR THESE FACILITIES BY OTHER  
INDUSTRIAL PROJECTS IN SAME AREA, OUTLINE PLANNING SHOULD  
EVEN NOW BE IN PROCESS IN ORDER AVOID POSSIBLE DELAY ON  
THIS SCORE.

"29. CERTAIN FUNDAMENTAL DECISIONS WILL ALSO HAVE TO BE  
TAKEN BEFORE CONSTRUCTION CAN BEGIN. ONE CONCERNS  
CHOICE BETWEEN ALTERNATIVE PROCESSES FOR OPERATION OF

FACTORY. SOME OF FACTORIES NOW EXISTING IN OTHER COUNTRIES  
USE A WATER PROCESS; OTHERS EMPLOY ORGANIC SOLVENTS.  
EACH METHOD HAS ITS MERITS AND DEMERITS, AND CHOICE  
BETWEEN THEM REQUIRES EXPERT JUDGMENT IN LIGHT OF LOCAL  
CONDITIONS. TO ASSIST GOVT IN ARRIVING AT A  
DECISION THE UN ORGANIZATION WOULD, IF DESIRED, ENDEAVOR  
ARRANGE FOR A COMPETENT TURKISH TEAM TO SEE BOTH SYSTEMS  
IN ACTUAL OPERATION. MEANWHILE, BRIEF NOTES ON  
CONSIDERATIONS TO BE BORNE IN MIND ARE SET OUT IN  
APPENDIX B.

"30. ANOTHER SUCH DECISION RELATES TO SIZE OF FACTORY.  
BY THE TIME FACTORY IS BUILT TURKEY EXPECTS TO HAVE AN  
ANNUAL CROP OF NOT LESS THAN 20,000 TONS OF POPPY STRAW  
AND IT WOULD PRIMA FACIE SEEM DESIRABLE TO DESIGN A  
FACTORY TO ACCOMMODATE WHOLE CROP. ON OTHER HAND ONE OF  
MOST SUCCESSFUL COMPANIES NOW IN OPERATION HAS STATED  
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THAT IN ITS EXPERIENCE OPTIMUM SIZE OF FACTORY IS ONE CAPABLE OF HANDLING 5,000 TONS OF POPPY STRAW A YEAR, AND IF FURTHER QUANTITIES ARE TO BE DEALT WITH ANOTHER UNIT OR UNITS SHOULD BE CONSTRUCTED.

"31. IN DESIGNING BUILDING IT SHOULD NOT BE OVERLOOKED THAT SECURE STORAGE WILL ULTIMATELY HAVE TO BE PROVIDED FOR MORPHINE AND SUCH LIKE PRODUCTS WHICH ARE LISTED AS DANGEROUS DRUGS UNDER THE INTERNATIONAL CONVENTIONS.

"32. TO ENABLE TURKISH PLANNING AUTHORITIES TO GIVE DUE THOUGHT TO THESE AND OTHER INTRICATE QUESTIONS IT IS ESSENTIAL THAT PROJECT SHOULD BE PUT IN THEIR HANDS AT EARLIEST MOMENT.

"33. ONCE MAJOR POLICY DECISIONS HAVE BEEN TAKEN, WORK OF CONSTRUCTION SHOULD BE PRESSED FORWARD WITH ALL SPEED, FOR INSTALLATION OF PLANT AND MACHINERY WILL INEVITABLY TAKE TIME AND MAY SUFFER PERIODIC SETBACKS, AND TARGET DATE FOR COMPLETION--SAY JULY 1976--IS ALREADY PAINFULLY CLOSE. TURKISH AUTHORITIES WILL OF COURSE HAVE THEIR OWN FORM OF CONTRACT FOR ERECTION OF BUILDINGS. FOR WHAT IT MAY BE WORTH MISSION HAS GIVEN AMBASSADOR COSKUN KIRCA IN GENEVA A WIDELY APPROVED FORM OF CONTRACT IN CURRENT USE IN UK.

"34. THOUGH NOT IMMEDIATELY RELEVANT ONE CAVEAT MAY PERHAPS BE USEFULLY ENTERED HERE FOR FUTURE GUIDANCE. WHEN IN DUE COURSE FACTORY IS IN FULL OPERATION IT WILL HAVE A RANGE OF PRODUCTS TO OFFER; CONCENTRATE OF POPPY STRAW, MORPHINE, CODEINE AND OTHER ALKALOIDS. INTERNATIONAL MARKET FOR THESE COMMODITIES IS BOUND TO FLUCTUATE. IT WILL NOT THEREFORE ALWAYS BE PROFITABLE TO OFFER ONLY FINISHED PRODUCTS FOR SALE AND FACTORY WILL FIND ITSELF OBLIGED TO VARY ITS EXPORTS IN ACCORDANCE WITH DEMAND PREVAILING AT TIME. FURTHERMORE, PHARMACEUTICAL STANDARDS ARE BOUND TO VARY FROM ONE COUNTRY TO ANOTHER. FOR THIS REASON, IT IS DESIRABLE THAT GUIDANCE SHOULD BE SOUGHT FROM THE CHOSEN ASSOCIATE COMPANY, WHICH SHOULD MOREOVER BE EXPRESSLY ASKED TO TRAIN MANAGEMENT PERSONNEL IN MARKETING AS A HIGHLY IMPORTANT ASPECT OF SUBJECT". DALE  
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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** OPIUM, DRUG CONTROL, AGRICULTURAL PRODUCTION, MEETING REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 FEB 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** SmithRJ  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION IO  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 6  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** SmithRJ  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 JUN 2003 by izenbei0>; APPROVED <31 OCT 2003 by SmithRJ>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NARCOTICS-REPORT OF GREENFIELD TEAM FOLLOWING IS SECTION OF GREENFIELD TEAMS REPORT CONCERNING  
**TAGS:** SNAR, TU, UN  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006